

March 28, 2006

Senator Alan Sanborn, Chair.  
Economic Development, Small Business and Regulatory Reform Committee  
S-310 Capitol Building  
Lansing, MI 48909

Dear Senator Sanborn and Committee Members:

The Michigan Economic Developers Association would like to express our support for Senate Bill 1111, which provides tax incentives for attracting distribution and warehousing facilities.

The increasing sophistication in warehousing operations has resulted in increased wages and benefits for these workers. Given Michigan's economic climate every effort should be made to attract these "economic base jobs", especially in cases where we are competing with border states.

Companies looking along the southern corridor of Michigan are more than willing to locate their warehouse facilities immediately south of the state line to take advantage of incentives offered by these states. In these cases, locating facilities just a few miles south in adjoining states has no impact on the companies ability to service their network. This results in lost opportunity for Michigan and its residents.

We need to take proactive steps to compete with these states for these "economic base jobs" and therefore, on behalf of the members of the Michigan Economic Developers Association, I again express our support for Senate Bill 1111.

Sincerely,



John Avery  
Executive Director

*The Michigan Economic Developers Association (MEDA) is the only association in Michigan created by economic developers for individuals in economic development.*

*The Association's goal is to provide a variety of services and programs that will enhance its members effectiveness and skills in economic development.*

**- Support for SB 1111 (2006)**

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**From:** "Ray De Winkle" <DewinkleR@RightPlace.org>  
**To:** <sencbrown@senate.michigan.gov>, <jlaimon@senate.michigan.gov>  
**Date:** 3/27/2006 2:02 PM  
**Subject:** Support for SB 1111 (2006)  
**CC:** "Birgit Klohs" <KlohsB@RightPlace.org>, "Jared Rodriguez" <rodriguezj@grandrapids.org>, "Jim Donaldson" <donaldsonj1@michigan.org>

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Dear Senator Brown:

We support the provision of tax incentives for distribution and warehousing facilities. Among the reasons we feel this legislation is beneficial to Michigan's economic development are:

- Michigan's status as a peninsular state means we have a geographic disadvantage for these types of operations.
- Distribution and warehousing facilities are becoming increasingly sophisticated. The significantly greater investment in high technology infrastructure requires more highly skilled workers with commensurate wage rates.
- As we work to attract foreign firms, many of their first investments are sales and distribution facilities. It will be helpful to have a tool to support this initial investment.

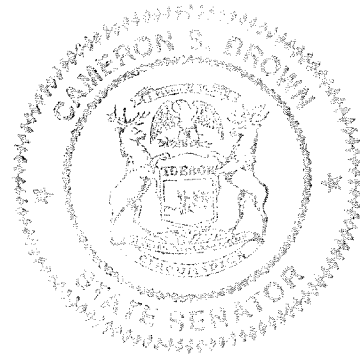
Sincerely yours,

Ray De Winkle

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Founded in 1985, The Right Place, Inc. is a regional, non-profit economic development organization that is directed by a board consisting of business and community leaders. Its mission is to promote area economic growth through high-quality employment, productivity, and technology. To do so, the organization focuses on retaining existing jobs, supporting local business growth, and attracting new businesses to the Greater Grand Rapids area.





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## Memorandum

**To:** State Senator Cameron Brown  
State of Michigan

**CC:** Ms. Jeanne M. Laimon  
Legislative Assistant

**From:** Dave Allen  
Executive Director  
St. Joseph County EDC

**Date:** 7/7/2004

**Re:** Warehousing & Distribution Projects

In June of last year, the St. Joseph County Economic Development Corporation was invited to submit sites to Pauline Millichamp of the Michigan Economic Development Corporation who was acting on behalf of a site consultant. The site consultant, J.M. "Mike" Mullis of Memphis, Tennessee was representing a warehousing/distribution client interested in locating a 400,000 square foot facility adjacent to rail and highway in the Michigan and Indiana area. The project was expected to generate 400 high paying jobs (roughly \$18/hour) and result in an investment of around \$15 million.

Though a property in White Pigeon was a finalist for this project, we ultimately lost out to a site in Kendallville, Indiana because of their ability to offer an abatement on a warehousing/distribution project. In an e-mail sent to Amy Banninga of the Michigan Economic Development Corporation, Mr. Mullis said, "Our main problem is that the high property taxes in White Pigeon are forever; and we get at least a 50.0% tax break for 10 years in Indiana." In a follow-up phone conversation with Mr. Mullis, he reiterated this point to me. Indiana offered a better long term incentive package anchored by their ability to abate a distribution/warehousing project.

Since June of last year, we have had other warehousing projects look at St. Joseph County, but none have materialized. I fear, as a border county, they are all finding a home in Indiana. This precipitated my call to Senator Brown's office regarding the possibility of crafting legislation to allow for consideration of abatements for warehousing/distribution projects if certain criteria are met. What that criteria might be is open to discussion.

In Indiana, abatements are offered to warehousing/distribution firms in "economic revitalization areas. "Economic revitalization area" means an area which is within the corporate limits of a city, town, or county which has become undesirable for, or impossible of, normal development and occupancy because of a lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors which have impaired values or prevent a normal development of property or use of property. For discussion purposes only, perhaps we could consider offering abatements in areas where brownfield redevelopment authorities exist. As you are aware, St. Joseph County is in the process of establishing an authority.

Senate Bill 1111  
Up in Senate Econ Devo Committee  
Wednesday, March 29, 2006  
3 pm  
Capitol – Rm 402

**Will send letters of support:**

John Avery, Director – Michigan Economic Developers Association - **(517) 241-0011**  
Ray DeWinkle, V.P., The Right Place Program – Grand Rapids – **(616) 771-0571**

**Will testify:**

Ron Kitchens, CEO, SW MI Work First – K'zoo  
(not testifying) Jill Bland, Deputy Director, SW MI Work First – K'zoo **(269) 553-9588**

Sharon Tyler, Exec. Dir. – SW MI Economic Growth Alliance – Niles **(269) 683-7515**

David Munson, Director – Lenawee County Chamber of Commerce

(didn't make it to committee) Gil Turner, Director, Branch Co. EDC

David Allen – St. Joseph County  
John Hayes – “ “ “  
Cathy Annis – Director, St. Joseph Co. EDC

Donald Beavers, Village Manager – Constantine

(didn't make it to committee) Dan Fetty, Exec. Director - Berrien Co. EDC  
**(269) 983-7111 x 8786**

(didn't make it to committee) Reb Turner, Director, Hillsdale Co. EDC